

Information Services Board Meeting Minutes - September 29, 2000

Department of Information Services Boardroom, The Forum Building
Olympia, Washington

Members Present:

Joe Dear
Senator Cantu
Clare Donahue
Tom Fitzsimmons
Jayasri Guha
Earl W. Heister
Steve Kolodney
Mary McQueen
Renee Radcliff
James West
Cathy Wolfe

Others Present:

Paul Taylor

Members Absent:

Lisa Brown
Ed Lazowska
Marsha Tadano Long

Call to Order

Mr. Joe Dear, Information Services Board (ISB) Chair, called the meeting to order. He recognized the State of Washington's achievement of winning the Digital State Award for the third consecutive time. He thanked Mr. Steve Kolodney, Director, Department of Information Services, (DIS), and all the agencies that are focused on delivering improved quality services to the citizen through digital government. Mr. Dear also introduced a new ISB member, Senator James West, Republican leader of the Senate.

Roll Call

A sufficient number of members arrived to constitute a quorum.

Approval of Minutes

Ms. Marsha Tadano Long had made a written request to change a passage from Page 2-2, of the minutes from "ISB requested letter" to "jointly requested letter." Minutes from the July 14, 2000 meeting as revised were approved.

For the record, Ms. Mary McQueen stated that the courts might have to abide by stricter rules for public safety than those in the recently adopted Information Technology Security Policy. Mr. Dear asked that the ISB staff be notified when such a situation arises.

Department of Labor & Industries Budget Proposal Presentation

Ms. Lourdes Collins, Senior Technology Management Consultant, DIS, introduced Mr. Gary Moore, Director, Department of Labor and Industries (L&I) and Ms. Shelagh Taylor, L&I Information Services Manager, to make a presentation on the results of two feasibility studies and

**Department of Labor &
Industries Budget Proposal
Presentation** *(continued)*

discuss the information technology (IT) decision packages planned for the 2001-03 Biennium.

Mr. Moore stated that the purpose of the initiatives is to make the department more efficient, make it easier for customers and to meet the customer expectations in terms of electronic commerce and digital government. Eight initiatives cover three categories: digital government, replacement of aging, obsolete, inadequate applications, and the support of the infrastructure.

The first digital government initiative will be the implementation of a pilot that will allow employers to pay their industrial insurance premiums over the Internet. Over 1,400 employers have volunteered to participate in the pilot. The second is an Internet application that will allow construction contractors to apply for electrician licenses. The third is an initiative to develop a feasibility study and pilot to support electronic exchange of claims information.

In the category of replacing aging, obsolete, and inadequate business applications, L&I wants to automate the pension payment calculations for permanently disabled workers, improve recovery for costs for workers' compensation claims, and redesign the Washington Industrial Safety and Health act (WISHA) program. The state-supported system for the federal Occupational Safety and Health Administration (OSHA) Integrated Management Information System (IMIS) is being phased out. L&I completed a feasibility study and determined that the preferred solution would be to develop a system to capture data and transmit it electronically to OSHA. The WISHA/IMIS Redesign and Linkage (WIRL) project will provide access to critical, safety, and health information that targets hazardous industries while satisfying both federal and state requirements.

In the final category, supporting the infrastructure, Mr. Moore said they would continue the updating of desktop PCs by upgrading the remaining 1,400 PCs through a lease agreement with DIS and by migrating to Windows 2000. They also are requesting to improve the customer telephone service in King County and Central Washington regions.

Senator Cantu asked if any of the proposed projects carry over into the future biennium and whether or not there would be additional costs. Ms. Taylor answered that there may be some FTEs for maintaining the new systems that would carry over and that there could be another \$500,000 investment to complete the WIRL project in the change-over period in the 2003-2005 Biennium. Mr. Moore said the replacement of desktop PCs is on-going. Mr. Dear said high caseloads at

**Department of Labor &
Industries Budget Proposal
Presentation** *(continued)*

L&I compel them to use technology to increase productivity, but that doesn't automatically transfer into surplus capacity in staffing. Senator Cantu asked if L&I had addressed the industry concerns over the costs of the tightening of safety and health regulations based on data collected. Mr. Moore said L&I engaged an outside research company to survey customer satisfaction rates for a number of different programs. Employers completing a safety and health consultation reported a 94% rate of satisfaction. Those who had an inspection for compliance rated L&I at 84%.

Representative Cathy Wolfe asked if there was a way to quantify timesavings. Ms. Taylor said that was part of what they were trying to capture from the feasibility study. Senator Cantu requested they come back to the ISB with progress reports.

A motion was made to support the L&I decision packages. The motion was unanimously adopted.

**Health Care Authority Budget
Proposal Presentation**

Ms. Collins introduced Mr. Gary Christenson, Administrator, Health Care Authority (HCA), Mr. Beau Bergeron, HCA Deputy Administrator, and Mr. Tom Neitzel, HCA IT Manager, to present the results of a feasibility study and a summary of the corresponding funding request.

Mr. Christenson said that HCA develops and administers a number of health insurance systems and programs. The Public Employees Benefits Board (PEBB) health care programs provide medical, dental, life, and long-term disability insurance for eligible public employees and retirees. The Basic Health Plan provides affordable health care coverage to low income families and individuals in the state.

HCA uses two separate computer systems - one system developed and supported by the Department of Personnel (DOP), and the other developed and supported in-house. These systems perform HCA business operations that include eligibility determination, member enrollment, premium collection, and carrier payment. The current systems, developed by different agencies prior to the merger of the Basic Health Plan and HCA, are based on older technology and are difficult to maintain or update in order to meet the changing needs of the agency. A majority of the processing is accomplished in a batch mode, which makes access to timely information a perpetual problem. The systems are written in two different computer languages, use separate databases, contain two, separate, interfaces to many of the same insurance plans, and require redundant, separate maintenance, training, and enhancements.

**Health Care Authority Budget
Proposal Presentation**
(continued)

Mr. Christensen said feasibility study results indicated that the preferred alternative is to move to a single health insurance system to support both PEBB and Basic Health programs by competitively procuring a contract tailored application and related implementation services.

The estimated cost of the project was \$4.9 million, with a return on investment starting in the second year and a break-even point at five years. Mr. Earl Heister asked if the return on investment included reduced operating costs. Mr. Christenson said that operating savings would begin in year five. In response to the second question from Mr. Heister, Mr. Christenson said they communicate with other public entities through a nationwide group to learn how others deal with similar issues.

Senator Cantu asked about the schedule for the project. Mr. Christenson said they would begin developing the Request for Proposal now, but the project is contingent upon the receipt of funding in July 2001. It will be a twelve-month project for implementation.

Mr. Steve Kolodney asked if HCA would extract its application from the Department of Personnel (DOP) system. Mr. Christenson said the Basic Health Plan would be removed. Mr. Bergeron said the data would remain in DOP until all necessary testing has been completed.

Mr. Heister asked how they plan to tailor a commercial application and suggested the contract negotiations include clear expectations of the impact of tailoring on future releases.

A motion was made to support this project. The motion was adopted unanimously.

**Washington State Liquor
Control Board Budget
Proposal Presentation**

Mr. Andy Marcelia, Senior Technology Management Consultant, DIS, introduced Ms. Kathy Kreiter, member of the Liquor Control Board (LCB), Ms. Bonnie Boyle, LCB Administrative Director, and Mr. Curt Secker, LCB IT Manager, to present their proposed IT budget initiatives.

Ms. Kreiter explained the LCB one-time request for Technology Refresh funding to support the on-going upgrades for PCs, servers, and network. She asked Mr. Secker to present the decision package for the Merchandising Business System (MBS). He said they will replace the aging Point of Sale (POS) system with a commercially available product capable of providing timely sales, marketing, product shipping, and handling, tracking, wholesale orders, special orders and point of sale at 157 liquor stores. It will also include data mart software to allow access to the MBS information.

**Washington State Liquor
Control Board Budget
Proposal Presentation**
(continued)

Mr. Secker said benefits of the new system would include a fully integrated system, database sharing, reduced maintenance costs, system stability, efficiencies, and E-commerce capabilities. LCB would issue a Request for Information (RFI) to establish a pool of vendors and help with the requirements definition, if the funding for the acquisition were approved.

Representative Renee Radcliff asked for clarification on what LCB wanted to accomplish with the online piece and Mr. Secker stated that some of the online applications would be internal applications. Ms. Kreiter said they would use the Internet to transact orders with the providers as well.

Mr. Heister asked if the costs for maintenance were net new costs or annual recurring costs as part of the life cycle management plan for the infrastructure. Mr. Secker said maintenance costs are annual reoccurring costs.

ISB members asked LCB to provide them more information about the cost benefits of the project.

A motion was made to support the LCB budget proposal with the requirement that the LCB prepare additional cost justification for the project and return to the Board.

The motion was adopted unanimously.

Digital Government Update

Mr. Paul Taylor presented the Board with an overview of Release 2 of the Digital Government Plan. He said Release 2 moves from the building of the digital government infrastructure, policy and application to the notion of building a community of public sector executives, business managers, and information technology professionals working together to turn the face of government to face the citizens. He said there are 240 live, state applications on the Internet with the expectation there will be 335 in the 2001 calendar year.

The principles of the plan include a commitment to citizen-centric digital government as a core competency and an opportunity to transform business processes. He pointed out the completion of projects, deliverables and policies to enable moving forward with the digital government infrastructure.

Mr. Taylor said a recent survey on electronic government from the Council for Excellence in Government revealed 65 percent of one thousand people from the general public surveyed were concerned about their privacy and security. He said the Governor's Executive Order on Privacy properly brought executive focus to the issue of personally identifiable information.

Digital Government Update
(continued)

He introduced Ms. Laura Parma, Assistant Director, DIS Interactive Technologies, and Mr. Scott Bream, DIS Project Manager for the Public Key Infrastructure (PKI) Digital Certification Implementation project. They were asked to present the progress of Transact Washington and Digital Certification for the approximately 20 percent of the applications requiring a higher degree of security than the informational applications currently available on the State's portal, Access Washington.

Mr. Bream said a digital certificate serves as an electronic credential allowing individuals to digitally sign documents, have their signatures validated, encrypt data sent over the Internet, and authenticate a particular person for access to specific information and applications. They have the potential to streamline business processes, adding value through real savings of distribution and cycle time, by automating end-to-end key business transactions.

Mr. Bream emphasized that very stringent practices to issue and manage the credential are required to increase the level of trust associated with the certificates. The certificate policy establishes the rules for acquiring, administering, complying with laws, and protecting the integrity of the certificates. It also establishes accountability and legal liability for both the Washington State licensed Certificate Authority (CA) and certificate owners. The state's Certificate Policy to be copyrighted includes an insurance policy with one million dollars worth of damages resulting from errors or crime. Reliance limits guarantee the certificates contain accurate information and were issued in accordance with state law and the Certificate Policy.

Mr. Bream described the three levels of assurance for certificates: high, intermediate, and standard. For a high level certificate, with a reliance limit of \$50,000, a person must apply in person, utilize a key to sign and another to encrypt, and either store the certificate on a hardware token such as a smart card or key fob or use proprietary software to sign on. An intermediate certificate, with a reliance limit of \$10,000, does not require the person to apply in person, but does require the token or the proprietary software. A standard certificate, with a reliance limit of \$1000, allows the certificate to be stored in the browser. Subscription costs per year would be \$35 for a high level of assurance, \$25 for intermediate and \$18 for standard level. There would be a one-time cost of a token or smart card reader of approximately \$40 and some cost for software, if required. The highest assurance levels meet current Federal requirements and should be trusted by other public entities and trading partners.

Digital Government Update
(continued)

Mr. Kolodney said that certificate fees might be funded by the agencies with savings realized from electronic transactions and that only 20 percent of our applications would even require a certificate.

Ms. Parma demonstrated Transact Washington. It provides a single place through Access Washington for applications that require more security. A single credential would be used to authenticate the individual. When an individual has been approved for access, they can use a single credential, known as single sign-on, to access multiple applications.

Ms. Parma showed a prototype Release 2 of Transact Washington that will help the people register for the appropriate level of certificate, access the applications and a customized page showing the applications they are authorized to use. The vision is that the credential could be used not only with government, but also a broader span.

Ms. Clare Donahue suggested that, at least initially, the adoption rate of secure applications will be higher and faster in government to business service areas than in the government to citizen arena. She also said citizen adoption rate will be influenced by the trust they have in online applications, making the security infrastructure vital to the success of the digital government program.

New Business

None.

Adjournment

The meeting was adjourned.